

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

A. H. LUNDBERG ASSOCIATES,
INC., et al.,

CASE NO. C14-1160JLR

ORDER

Plaintiffs,

V.

TSI, INC.,

Defendant.

I. INTRODUCTION

Before the court are Defendant TSI, Inc.’s motion for attorneys’ fees (Fees Mot. (Dkt. # 154)) and TSI’s motion for judgment as a matter of law. TSI moved for judgment as a matter of law at the close of Plaintiffs A. H. Lundberg Associates, Inc., and Lundberg, LLC’s (collectively, “Lundberg”) case-in-chief (9/20/16 Min. Entry (Dkt. # 195)) and renewed the motion at the close of the evidence (9/21/16 Min. Entry (Dkt. # 197)). Having considered the submissions of the parties, the oral arguments made at

1 trial, the relevant portions of the record, and the applicable law, the court DENIES TSI's
 2 motion for attorneys' fees and DENIES TSI's motion for judgment as a matter of law
 3 without prejudice to reraising the substantive arguments in that motion pursuant to
 4 Federal Rule of Civil Procedure 50(b).

5 **II. MOTION FOR ATTORNEYS' FEES**

6 **A. Lanham Act Claim**

7 Lundberg's original complaint asserted three claims for violation of the Lanham
 8 Act. (Compl. (Dkt. # 1) ¶¶ 29-40.) Early in the case, TSI moved to dismiss those claims.
 9 (MTD (Dkt. # 6).) Lundberg conceded that it could not pursue one of those claims but
 10 opposed TSI's motion to dismiss the other two Lanham Act claims. (MTD Resp. (Dkt.
 11 # 12).) The court dismissed all three of Lundberg's Lanham Act claims and allowed
 12 leave to amend as to one of the claims. (10/21/14 Order (Dkt. # 14).) Lundberg declined
 13 to amend its complaint. (See Dkt.)

14 Under the Lanham Act, “[t]he court in exceptional cases may award reasonable
 15 attorney fees to the prevailing party.” 15 U.S.C. § 1117(a). “[A]n action is exceptional
 16 under the Lanham Act if the plaintiff has no reasonable or legal basis to believe in
 17 success on the merits.” *Secalt S.A. v. Wuxi Shenxi Constr. Machinery Co.*, 668 F.3d 677,
 18 687 (9th Cir. 2012) (“The line distinguishing exceptional cases from non-exceptional
 19 cases is far from clear. It is especially fuzzy where the *defendant* prevails due to

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1 plaintiff's failure of proof.”).¹ TSI argues that this case is “exceptional” in that
 2 “Lundberg’s Lanham Act claims were groundless.” (Fees Mot. at 4.) Lundberg neither
 3 filed frivolous Lanham Act claims nor unreasonably “continued prosecution of its
 4 claims.” *Secalt*, 668 F.3d at 687. Rather, Lundberg conceded one of its Lanham Act
 5 claims in response to TSI’s motion to dismiss, had its second Lanham Act claim
 6 dismissed by the court without leave to amend, and declined to amend its third Lanham
 7 Act claim. (See MTD Resp.; 10/21/14 Order.) TSI identifies nothing that differentiates
 8 those claims from the claims that courts routinely review and dismiss pursuant to Rule
 9 12(b). Accordingly, the court concludes this case is unexceptional and thus ineligible for
 10 fee shifting.²

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12 ¹ In *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, the Supreme Court construed
 13 “exceptional” in the context of the Patent Act to mean a case “that stands out from others with
 14 respect to the substantive strength of a party’s litigating position (considering both the governing
 15 law and the facts of the case) or the unreasonable manner in which the case was litigated.”
 16 --- U.S. ---, 134 S. Ct. 1749, 1756 (2014). Despite the Patent Act’s and Lanham Act’s common
 17 language regarding “exceptional” cases, the Ninth Circuit has declined to extend the more
 18 lenient, totality-of-the-circumstances approach adopted in *Octane Fitness* to the Lanham Act.
 19 *SunEarth, Inc. v. Sun Earth Solar Power Co.*, No. 13-17622, --- F. App’x ---, 2016 WL 2993958,
 20 at *1 (9th Cir. May 24, 2016) (citing *Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.*, 778
 21 F.3d 1059, 1078 (9th Cir. 2015)) (“Appellants argue that under *Octane Fitness* the district court
 22 should have analyzed their claim for fees under a ‘totality of the circumstances’ test instead of
 looking to our prior case law requiring ‘malicious, fraudulent, deliberate, or willful’
 infringement. We are bound by a post-*Octane Fitness* panel’s decision applying our prior
 definition of exceptional.”). The Ninth Circuit recently voted to rehear *SunEarth* en banc to
 determine whether to follow several sister circuits and apply the *Octane Fitness* definition to the
 Lanham Act. *Sunearth, Inc. v. Sun Earth Solar Power Co.*, No. 17-17622, --- F.3d ---, 2016 WL
 4791866, at *1 (9th Cir. Sept. 14, 2016). The court finds this case unexceptional irrespective of
 which definition the en banc panel adopts.

21 ² In addition, “[t]he fact that ‘in exceptional cases’ precedes ‘may’ means that the case
 22 must be exceptional for attorneys’s fees to be awarded, but in an exceptional case, the district
 court ‘may’ (or may not) award fees.” *Fifty-Six Hope Road Music*, 778 F.3d at 1079. Even if
 this case were “exceptional” in the relevant sense, the court would decline to grant Lanham Act

1 **B. Stephen Clarke's Deposition**

2 TSI also seeks attorneys' fees and costs for the deposition of Stephen Clarke.

3 (Fees Mot. at 5-6.) TSI asks the court to employ its equitable powers to award those

4 sanctions because Lundberg falsely disclosed Mr. Clarke's expert testimony. (*Id.* at 6.)

5 "Because 'inherent powers are shielded from direct democratic controls, they must be

6 exercised with restraint and discretion.'" *Zambrano v. City of Tustin*, 885 F.2d 1473,

7 1478 (9th Cir. 1989) (quoting *Roadway Express, Inc. v. Piper*, 447 U.S. 752, 764 (1980)).

8 Accordingly, the court must find "bad faith before sanctions may be imposed under the

9 court's inherent power." *Id.*

10 TSI has not demonstrated that Lundberg acted in bad faith. At most, TSI identifies

11 some inconsistency between the expert report's indication that Mr. Clarke "assisted . . .

12 by providing review and analysis of the [Lundberg] and TSI RTO designs" (Sweeney

13 Decl. (Dkt. # 155) ¶ 2, Ex. A (Dkt. # 156) ("Expert Report") at 6) and Mr. Clarke's

14 statement in his deposition that he had not seen Lundberg's expert report until the day

15 before his deposition (Sweeney Decl. ¶ 3, Ex. B ("Clarke Dep.") at 8:12-19). However,

16 David Bernier, another expert who contributed to Lundberg's expert report, clarified that

17 he spoke with Mr. Clarke when preparing the report and included Mr. Clarke's opinions

18 in the report. (Bodine Decl. (Dkt. # 163) ¶ 3, Ex. 2 ("Bernier Dep.") at 62:4-24; *see also*

19 Bodine Decl. ¶ 6 ("Had TSI's counsel inquired, Lundberg could—and would—have

20 explained Dr. Clarke's area of expertise and how that related to the expert report.")) Mr.

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22 fees to TSI based on the parties' mutually aggressive litigation strategies throughout the course
of the litigation.

1 Clarke need not have seen the report in final form in order for his opinions to have been
 2 incorporated. (See Expert Report at 6.)

3 Thus, although Lundberg could have been more forthcoming or precise in its
 4 disclosures to TSI, the court does not find Lundberg's actions amount to bad faith and
 5 accordingly declines to grant attorneys' fees and costs for Mr. Clarke's deposition.

6 **III. MOTION FOR JUDGMENT AS A MATTER OF LAW**

7 During trial, the court took under advisement TSI's motion for judgment as a
 8 matter of law and renewed motion for judgment as a matter of law. (9/20/16 Min. Entry;
 9 9/21/16 Min. Entry); Fed. R. Civ. P. 50 advisory committee's note to 1991 amendment
 10 ("The court may often wisely decline to rule on a motion for judgment as a matter of law
 11 made at the close of the evidence."); *Runnings v. Ford Motor Co.*, 461 F.2d 1145, 1148
 12 n.4 (9th Cir. 1972) ("This case once again demonstrates the desirability of withholding
 13 action on motions for directed verdicts and permitting the jury to reach a verdict."). The
 14 jury then returned its verdict on September 23, 2016. (Verdict Form (Dkt. # 210) at 3.)

15 The court has not ruled on the Rule 50(a) motion, which if granted would overturn
 16 part of the jury's verdict. (See *id.*) Some courts have held that "a court's deferred
 17 consideration effectively converts the Rule 50(a) motion into a post-verdict Rule 50(b)
 18 motion." *Op Art, Inc. v. B.I.G. Wholesalers, Inc.*, No. 3:03-CV-0887-P, 2006 WL
 19 3347911, at *1 (N.D. Tex. Nov. 17, 2006); *see also Merino v. Marchon, Inc.*, No. 92
 20 4662 WDK (JRX), 1994 WL 695826, at *5 (N.D. Cal. Apr. 4, 1994). However, the court

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1 finds it more appropriate to deny the Rule 50(a) motion as moot.³ *See Rose v. Barrett*
 2 *Twp.*, No. 3:09-CV-01561, 2014 WL 2039621, at *6 (M.D. Pa. May 9, 2014) (“Once the
 3 Court submits the matter to the jury, the 50(a) motion has effectively been mooted and no
 4 further briefing is necessary, unless the movant seeks to renew the Motion in accordance
 5 with 50(b).”); *Asahi Glass Co. v. Guardian Indus. Corp.*, 886 F. Supp. 2d 369, 378 & n.6
 6 (D. Del. 2012) (dismissing as moot the parties’ Rule 50(a) claims because the jury
 7 rendered its verdict and the court took up the defendant’s Rule 50(b) motion). The court
 8 takes no position on the merits of the motion.

9 The court denies TSI’s Rule 50(a) motion as moot, without prejudice to reraising
 10 the same legal questions in a motion under Rule 50(b). If TSI timely renews its motion,
 11 the parties’ briefing must cite the relevant law and reference specific evidence presented
 12 at trial that supports the parties’ respective positions.⁴

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15 ³ Converting a Rule 50(a) motion into a Rule 50(b) motion without requiring the movant
 16 to renew the motion would contravene the requirement that the movant “file a renewed motion
 17 for judgment as a matter of law” “[n]o later than 28 days after the entry of judgment.” Fed. R.
 18 Civ. P. 50(b); *see Johnson v. N.Y., N.H., & H.R. Co.*, 344 U.S. 48, 49 (1952) (“[I]n the absence of
 19 a motion for judgment notwithstanding the verdict made in the trial court within [the time
 20 allotted by Rule 50(b)] after reception of a verdict the rule forbids the trial judge . . . to enter
 such a judgment.”); *E.E.O.C. v. Go Daddy Software, Inc.*, 581 F.3d 951, 961 (9th Cir. 2009) (“If
 the judge denies or defers ruling on the motion, and if the jury then returns a verdict against the
 moving party, the party may renew its motion under Rule 50(b.”); 9B Charles Alan Wright &
 Arthur R. Miller, *Federal Practice and Procedure* § 2537 (3d ed. 1998) (“The motion must be
 made even though the trial court expressly has reserved decision on the motion at the close of the
 evidence.”). Moreover, written briefing would aid the court’s analysis of TSI’s motion.

21 ⁴ Because Lundberg has additional claims that the court must decide and neither party has
 22 demonstrated “that there is no just reason for delay,” the court declines to direct entry of
 judgment on the verdict at this time. Fed. R. Civ. P. 54(b) (“When an action presents more than
 one claim for relief . . . , the court may direct entry of a final judgment as to one or more, but

IV. CONCLUSION

2 Based on the foregoing analysis, the court DENIES TSI's motion for attorneys' fees (Dkt. # 154) and DENIES TSI's motion for judgment as a matter of law (Dkt. 3 ## 195, 197) without prejudice to reraising the substantive arguments in that motion 4 pursuant to Rule 50(b). 5

6 Dated this 29th day of September, 2016.



JAMES L. ROBART
United States District Judge

fewer than all, claims . . . only if the court expressly determines that there is no just reason for delay.”).